Political memory and policy achievement: Leaders in retrospect

The End of Political History?

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In challenging circumstances, when faith in institutions and trust in politicians is low—which is the situation in many Western polities at present—the past can assume a retrospective aura of solidity and security. In political memory, the achievements of political leaders can seem heroic, the touchstone of civic pride, relative to the diminished figures we see before us. In the Australian case, which is taken as the example in this paper, the leadership of Bob Hawke, Paul Keating and John Howard has been lauded as The Australian Moment (Megalogenis, 2012), their achievement signifying The March of the Patriots (Kelly, 2009), with their legacy now tarnished by the successor generation (see Kelly, Triumph and Demise, 2014). This paper explores such arguments by comparing current recounting of policy initiatives and their consequences with the views of policy practitioners and expected outcomes recorded at the time of decision. It utilises policy evaluation, leadership analysis and theories of political time to ask if general lessons for more carefully calibrated historiography and political studies can be generated from such a case.

INTRODUCTION

In Australia there has been a notable tendency to denounce current leaders in comparison with predecessors now seen as heroic, particularly those of what has come to be seen as the 1983–2007 reform era – Bob Hawke, Paul Keating and John Howard. Significantly, the commentators whose celebration of that time seeks so strenuously to refashion political memory (see further below) are also those who lament the ‘pygmies’ now at the helm. Such commentary and much of what passes for political history is often marred by a lack of historical perspective. Bold statements about the impact of events and developments are too often made without regard to historical precedent, or to what we can learn by reviewing the experience of those who also lived through those events.

The current consensus among politicians, political commentators and some of the public is that the Hawke-Keating and Howard governments were of a high standard and that the reforms they implemented were beneficial for the country. There is much to commend this view: the decisive revision of the policy agenda, the consummate team building (and distributed leadership) practised by Hawke and Keating, the Cabinet discipline and party control exercised by Howard and the increasing prosperity enjoyed by the country at large. Gareth Evans, a central figure in both the Hawke and Keating cabinets, claims that the Hawke-Keating Government ‘is now often seen, even by non-Labor people, as the Australian gold standard: as good as it gets in terms of effective leadership; the strength, depth and diversity of the talent in its ranks; and the quality of its achievements’.1 Yet, as we will

demonstrate, the celebratory perspective does not accord with views at the time, or with the lived experience of substantial elements of the population. There was vigorous ideological debate over the neo-liberal reform program implemented by the Labor and the Liberal-National Party Coalition governments. And research on popular attitudes shows them to be decidedly at odds with those of the commentariat. This divide begs the questions this paper seeks to address.

Here we explore the relationship between political memory and political performance. How does a controversial and volatile period of political history come to be regarded almost universally in a positive light? How are governments and political leaders judged by history; who are the people passing judgement and what criteria do they apply? How do judgements of good governance change and to what extent are they influenced by the contemporary political climate? To what extent are the vaunted initiatives of an earlier period the catalyst for the seemingly intractable problems of the present?

There are two principal elements to the high reputation that the Hawke-Keating and Howard governments presently enjoy: first, there is widespread admiration for the neo-liberal economic reform program, which is thought to have allowed Australia to avoid recession since the early 1990s. Second, there is growing appreciation for the processes of governance during the Hawke-Keating and Howard period, especially the leadership then displayed. These are contrasted with the dysfunction of the Labor governments of Kevin Rudd and Julia Gillard (2007-2013), the inability of later leaders to demonstrate leadership across a strong team and the negativity and small-mindedness of current Liberal prime minister, Tony Abbott.

Here we review the political scene of the 1980s and 1990s, the details of political leadership and policy development in illustrative cases, their reception by those affected and their wider influence on the social responses at the time and on the situation now. We argue that critical analysis of the period, pointing to the lessons we might fruitfully draw, requires considerably more nuance than is displayed by the present champions of the reform era.

THE HEROIC 1980s

The celebration of the Hawke-Keating era has been noted by several scholars. The Labor historian Nick Dyrenfurth has written about the ‘growing political nostalgia around the Hawke (and Keating) era’, warning that idealisation of the past is not in the best interest of governing effectively in the twenty-first century: ‘long-dead governments cannot write Labor’s 2016 election policy manifesto—the mobile-phone and internet-free world of 1983 is no longer a useful guide to our globalised world’. Michael Cooney, former speechwriter for Julia Gillard and head of the Chifley Research Institute, has criticised the tendency to romanticise the Hawke-Keating Governments. He claimed that: ‘A surprising number of activists inside and around Labor parties and progressive politics genuinely seem convinced that the way forward for our parties is to go back seventeen years, to recapture the “new day” which dawned in London in 1997; or even more implausibly, to go back thirty one years, to restore the so-called “reform era” which began in Canberra in 1983’. Historian Frank Bongiorno questions the unthinking acceptance that the decade represented a golden age for the Labor party. While Labor governed federally for 13 years it also lost forty per cent of its traditional constituency. These victims of the forces of deindustrialisation and globalisation were members of Labor’s working class heartland, who became John Howard’s battlers. Bongiorno has observed that the 1980s have ‘assumed the status of a heroic age’ for the conservative parties as well as for Labor. He claims that the idealisation occurs for different reasons in each instance. The Labor Party celebrates its electoral

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success and policy activism, while the conservatives recall the period fondly for its dismantling of the arbitration and protectionist policies that had been in place since Federation.

Historical understanding of the politics of the 1980s has been shaped most influentially by Paul Kelly. Kelly has worked as a press gallery journalist since 1971, spending most of that period in the service of the Australian newspaper, owned by Rupert Murdoch. He has written several influential books of contemporary political history; his most recent book recounts the tumultuous prime ministerships of Kevin Rudd and Julia Gillard. Kelly’s most significant work remains The End of Certainty, published in 1992. A skilful exposition of the neo-liberal reform project, the book was an early and enduring attempt to place the political events of the 1980s within the context of Australian history. Kelly conceived the idea of the ‘Australian settlement’, a set of core ideologies upon which the nation was founded. The Australian settlement was devised upon the principles of White Australia, protection of industry through tariffs, industrial arbitration and regulation, imperial benevolence and state intervention. Kelly argued that these ideologies had become increasingly redundant over the course of the twentieth century. The political history of the 1980s was the story of Labor’s bold and creative response to the collapse of the Australian settlement. The Hawke-Keating Governments substituted a modern, outward-looking nation for the ailing version they inherited.

If The End of Certainty was written with cautious optimism, Kelly’s most recent publication, Triumph and Demise, is highly critical of contemporary Australian politics and pessimistic about the future. His thesis now is that the era of heroic economic reform instigated by the Hawke-Keating governments of the 1980s and continued by John Howard in the 1990s has ended, to the serious detriment of the nation. The first sign of the end of bi-partisan support for economic reform came when Labor opposed the introduction of a goods and services tax in 1998; confirmation of the demise came in 2010 when Coalition leader Tony Abbott set the opposition against the introduction of a carbon emissions trading scheme. Kelly concludes that ‘Australian politics is dominated by a poll-driven culture. It empowers negative campaigns, privileges sectional and special interests over the national interest, struggles with a fragmented media … and confronts a conflict between long-run policy and the short-term tyranny of the polling and media cycle’.

The ‘post-1983 Reform Age of Hawke, Keating…and Howard’ is, mirroring Evan’s comment, the gold standard against which subsequent governments are judged by Kelly. He concludes that Australia ‘won global renown’ in the ‘post-1983 reform era’ because ‘it devised a distinctive and unique approach to the challenge of globalisation. It settled about mid-point between the American and European models—a market-oriented, competitive economy with a sharing of benefits across the community. Both sides of politics have a bedrock instinct that this should be the enduring Australian strategy’. He is gloomy about Australia’s economic performance and attributes much of the blame to its industrial relations system. Compared to the policy lions of the ‘eighties and ’nineties, Rudd and Gillard were timorous donkeys, in whose hands ‘reform’ had become ‘a lost political art’.

Like Paul Kelly, George Megalogenis employs the trope of the heroic 1980s and ‘90s in his books about contemporary politics. With an economics degree from the University of Melbourne, Megalogenis became a convert, like the bulk of the press gallery, to Paul Keating’s mission to open the Australian economy to global competition: ‘Protection is cultural arrogance by another name’, he wrote in The Longest Decade (2006). His most extended paean is his The Australian Moment. In an article written for the Monthly magazine in 2011, Megalogenis asked ‘What type of leader is

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6 Kelly, Triumph and Demise, p. 498.
9 Kelly, Triumph and Demise, p. 510.
10 Kelly, Triumph and Demise, p. 499.
12 George Megalogenis, The Australian moment: how we were made for these times, Viking, Camberwell, Vic., 2012.
capable of snapping our political system out of its remorseless trudge toward mediocrity?" 13 Megalogenis is not blind to Keating’s faults, but admires both his political philosophy and the conviction with which he pursued it: ‘It would take a leader like Keating – someone who can see both sides of the budget, who has a heart and who isn’t cowed by an opponent’s calculated negativity – to carry Australians beyond the insecurities of the present day.’ 14

**THE CRITICS**

The current perception of the Hawke era as one in which policy reform triumphed over populism was not held universally at the time. H.C. Coombs, the distinguished economist and public servant, was an early critic of the Hawke government. As director-general of the Department of Post-War Reconstruction under prime ministers Curtin and Chifley, Coombs had played a central role in laying the foundations of the Keynesian model that was being dismantled by Hawke and Keating. Coombs was critical of the labour movement’s ‘half-hearted performance on the three major moral issues of our time—nuclear war, Aborigines and unemployment’. Abnegation of its traditional social justice role would ‘be the beginning of death for the Labor Party’, Coombs warned. 15

Nor was the enthusiasm with which political commentators and conservatives have regarded the policy achievements of the 1980s universally endorsed by the academy. Academic criticism both at the time and since centred on Labour’s adoption of neo-liberal economics, and the subsequent Liberal-National Party (LNP) government’s commitment to further deregulation, without the trappings of Labor’s ‘social wage’ (delivered through the Accord). Many noted that Labor had sacrificed its tradition of fairness in pursuit of reform, while the Liberal Party had torched its proud tradition of ameliorative liberalism in favour of market fundamentalism. 16

Notwithstanding the recent valorisation noted by Bongiorno and Dyrenfurth, the suspicion with which some in the academy regarded the Hawke-Keating period was matched for many years by the parliamentary Labor Party. Gough Whitlam, like Coombs and others in the Labor Party, was dismayed by Hawke’s failure to introduce national land rights legislation. In 1986 Whitlam accused the Government of being guided by populism; while his own Government ‘always put principle before pragmatism … [t]he Hawke Government is seen to be doing the opposite’. 17 (A shrewd journalist noted that ‘Many Labor Party members appear to look back on the Whitlam Government through rose-coloured glasses.’ 18) David Day’s recent biography of Paul Keating recalls the disquiet within Cabinet and the wider Caucus about the economic policies of the Hawke Government. Though the Left’s power was significantly diminished—it had only one minister in Cabinet—significant elements of the parliamentary party were concerned about the extent to which Labor was embracing neo-liberalism. Keating’s passion, persuasive ability and ruthlessness silenced critics. Looking back,

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the former education minister Susan Ryan is ‘still surprised that we applied so little critical examination to these new ways before adopting them wholesale’.  

For more than decade after the Labor Party lost power in 1996, it sought to distance itself from the Hawke and Keating governments. The judgement was made by Kim Beazley and his successors that public opinion of Labor and particularly of Paul Keating was so low that there was political advantage to be gained from rejecting their legacy. It was the lack of empathy shown by Keating towards those who had suffered at the hands of tariff reduction and high interest rates that subsequent leaders sought to ameliorate. Beazley announced a new Labor platform in 1997, which promised to freeze tariff reduction and increase workplace regulation. Annabel Crabb noted in Beazley a tone of ‘apology for the discomfort occasioned by the former Labor government’s activities’.

Public opinion required that Paul Keating be air-brushed from Mark Latham’s election campaign in 2004. Latham had declined Keating’s suggestion of some passages to insert into his campaign speech. The words reflected Keating’s strongly held belief that Labor was failing to defend its economic record and thereby ceding the credit for Australia’s strong economic performance to the Coalition. Keating’s offence deepened when he was ignominiously ‘hidden’ at Latham’s campaign launch. While Latham embraced Gough Whitlam for the television cameras, Keating was seated well away.

THE POPULAR RESPONSE

The ambivalence with which subsequent Labor leaders regarded Keating was not without cause: it was more closely attuned to popular opinion than commentators such as Megalogenis and Kelly would now concede. What Megalogenis described in 2011 as ‘the insecurities of the present day’ have a long history, deeply rooted in the reforms themselves. Empirical research by Peter Saunders, Clive Hamilton and Michael Pusey, undertaken in closer proximity to the reform period, illuminates the origins of such ‘insecurities’. Pusey found no evidence of reduced expectations of what government should do to solve economic and social problems; that wage and salary earners did not believe that business would give them ‘a fair go’—so government must make business do so; that most believed that reform had benefited big business at the expense of workers; that there was more consistent support for old economic institutions than for the new market based and deregulated institutional arrangements; and that, overall, reformers had not won consensus for ‘the new consensus’.

Saunders, with surveys more representative of the broad community, reported that many of the things that had been sacrificed in the drive to maximise economic outcomes were more highly valued at the level of society than the resulting increase in economic prosperity; the growing gap between rich and poor concerned many Australians; egalitarianism persisted, with almost half ending up in the collectivist camp (more than three times the proportion who support individualist values); and there was strong support for the view that too much attention had been paid to economic factors and not enough to society. Saunders concluded that there was … a sense of alienation and powerlessness in which a gulf has opened up between the values and priorities of ordinary Australians and those in positions of political power and influence.

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21 Crabb, Losing It, p. 17.
24 Pusey, The Experience of Middle Australia, pp. 146-7, p. 150, pp.164-5.
This general disenchantment with the political process … [threatens] the continued viability of the major political parties. Beneath the unspoken voice of the silent majority lies a sense of disillusionment with politics that reflects a more deeply seated frustration with the ends and means of neo-liberal economic policies … these concerns are widely shared in the community … 26

We have illustrated, then, a considerable divide between commentators and analysts writing in close to proximity to the leaders and the events that boosters of economic reform now recall in such glowing terms. Further, there is empirical evidence to suggest a much more mixed and sceptical response on the part of the community subject to the reform agenda. Now we wish to make another move, to argue not only that there were understandable reasons for community concern, but also that the problems that so bedevil the much maligned ‘pygmies’ of the present might well originate in the unintended consequences of the reforms themselves. To do so, we turn to indicative case studies of specific reforms: the Hawke government’s restructuring of higher education, and the Keating government’s labour market programmes—with brief reference in each case to the follow-up actions of the Howard government. It will be seen that there were real problems to be addressed, manifestly positive intentions driving the decisions made, and – in the context of the time – a persuasive logic informing the policy process. These cases can be seen as exemplary in five respects: they demonstrate different, but equally functional, modes of policy leadership; they were carefully planned and evidence based; they were remarkably successful in achieving their stated objectives; yet they have provoked disquiet both at the time and since; and arguably the problems of the present to some degree originate in such initiatives.

HIGHER EDUCATION REFORM: THE UNIFIED NATIONAL SYSTEM

By the late 1980s, under Hawke, one focus of post-Keynesian economic reform became Australia’s higher education sector. The new economy had shed many of the low-skilled, blue collar jobs that powered the industrialisation of the Australian economy in the decades after the war. Now, if the nation was to supply the labour to power its rebuilt economy, it would have to reform its system of higher education.

The language of economic rationalism had been encroaching upon the education sector for several years. Economists Jon Stanford and Helen Hughes argued, for instance, that education was a commodity, like wool and wheat and should be subject to the dictates of the free market. Similarly, Richard Blandy and Judith Sloane described the universities as ‘essentially large-scale worker-cooperatives funded by the state’. 27 And there were those in the Labor Party who were hostile towards what they saw as the British-style elitism of the university sector. These critics believed that a shake-up of the sector was required to make it more reflective of Australian egalitarian values, both in terms of accessibility and course content. Even the Education minister Susan Ryan, who was generally perceived as a friend of the universities, described them as ‘bastions of privilege’. 28

Policy Leadership

The person appointed to lead the revolution in higher education was John Dawkins. Dawkins trained as an economist at the University of Western Australia before entering federal parliament in 1974 aged twenty-seven. As Finance Minister and then Trade Minister during the early years of Hawke’s prime ministership, Dawkins was allied with Paul Keating and Peter Walsh as an enthusiastic proponent of neo-liberal economic reform. He was a policy activist, ambitious to achieve significant

change, and willing to take on public opinion, vested interests and his own party room to do so. He was appointed to the newly created ‘super-ministry’ of Employment, Education and Training after the July 1987 election in order to implement a reform program that was expected to encounter significant opposition.

Dawkins was, said a ministerial colleague, ‘a man whose zeal and ambition for change were yoked to an abrasive and pugnacious approach that added to the turbulence that swirled around him. A moody, self-contained figure, contemptuous of both the foolish and the spineless, he was little loved in the caucus or even in his own centre-left faction, surviving on his talents alone’. 29 But those talents were considerable: iconoclastic, enterprising, imaginative, experienced in economics and economic policy, committed to managerial efficiency in the public service, he was a well-equipped change agent. Although making intelligent use of organizational and consultative processes, and relying on rigorous policy analysis, academics, consultants and an informal coterie of hand-picked advisers, everybody 30 acknowledges that Dawkins became the driver of momentous reform. He read the environment well and played the politics brilliantly. 31 By the early 1990s, he ‘had outmanoeuvred vice-chancellors, academic staff and student groups. He had succeeded in changing the Australian Labor Party Platform and overcoming opposition within the ALP caucus. He had remodelled higher education and how it was funded in only a few years’. 32 It was a tour de force of strong policy leadership.

The Plan

In December 1987 the government released a green paper on *Higher Education: A Policy Discussion Paper*. This was soon followed by a white paper, *Higher Education: A Policy Statement*, in July 1988. A principal element of the reform program was the creation of a Unified National System (UNS), which would require the sixty-nine Colleges of Advanced Education around the country either to merge with existing universities or become universities in their own right. The removal of the distinction between universities and colleges of advanced education was intended to boost the number of university graduates, increase the diversity of higher education and create financial savings through economies of scale. 33

Dawkins’ plans would transform the traditional collegial nature of university governance. The reformers believed that it needed to become more effective and efficient, with the introduction of professional managers to replace academic managers. In order to achieve this, the government required greater control over the running of universities. The Commonwealth Tertiary Education Commission, established by the Menzies government in 1957 as the guiding body that sat between government and the universities, was abolished making the universities directly accountable to Dawkins’ new department on courses, research and resource allocation. A newly established National Board of Employment, Education and Training (NBEET), would advise the minister only on those issues about which he specifically requested its input. In order to fund a massive increase in student numbers, university fees would be reintroduced.

A committee established by Dawkins and chaired by the former Labor premier of New South Wales, Neville Wran, recommended that a loan system be introduced, which required students to pay back their loans once their income reached a certain level. The Higher Education Contribution

30 With the exception of Bob Hawke, who cannot forgive Dawkins for siding with Keating, and describes him as imaginative but politically immature and prone to go off at tangents, see Bob Hawke, *The Hawke Memoirs*, Heinemann, Port Melbourne, *passim*. Significantly, there is no reference at all to the UNS reforms in Hawke’s *Memoirs*, or in the quasi ‘official’ Hawke biography by his wife, Blanche D’Alpuget.
32 Gwylim Croucher, Simon Marginson, Andrew Norton and Julie Wells, eds *The Dawkins Revolution: 25 years on*, University of Melbourne Press, Melbourne, 2013, p. 3.
Scheme (HECS) was introduced in 1989 despite protest from student organisations. The new era of higher education would increase opportunity for international fee-paying students to study at Australian universities. The fees collected from foreign students would pay in part for the massive expansion of the system.

This mass higher education system would supposedly direct students into areas of national priority, in order that the industries upon which the Australian economy was based would be supplied with highly trained labour. The Australian Research Grants Committee was abolished in favour of an Australian Research Council, whose funding allocations would be subject to national research priorities. The expanded tertiary sector would compete for a pool of research funding that remained static. Established universities were alarmed by the government’s plan to withdraw $65 million in research funding for allocation to the newly expanded competitive funding pool.

Implementation

The reforms were introduced over a remarkably short space of time after the publication of the white paper. By 1989, the nineteen universities and sixty-nine colleges of advanced education had become thirty-six universities through mergers and the granting of university status. Dawkins had achieved ‘massification’ at a stroke by forcing amalgamations or mergers of the former with the latter and introducing a common, competitive funding formula where these new universities would fight on the same ground. In terms of its stated objectives, it was one of the most successful policy initiatives of the 1980s. With this expansion of the higher education sector, enrolments increased significantly (from 393,724 to 559,365 between 1987 and 1992). The percentage of working-age Australians with a degree increased from eight per cent in 1988 to twenty four per cent in 2011. During the same period, the number of students grew by an average of five per cent a year. Of this five per cent per annum, two per cent growth has been in the international student market. Education now comprises Australian’s third biggest export industry and funds university operations in the face of shrinking government contributions. The proportion of public funding for universities fell from 85% in 1987 to 65% in 1992 and was down to 40% another ten years later. The framework proved remarkably resilient. The Howard L-NP Coalition government flirted with even more market oriented reform, but in the main subsequent governments continued to influence university education through performance-based research funding, competitive bidding, standardised data collection and accountability requirements. The educational ideal was attention to market needs; the research ideal was ‘the entrepreneurial scientist producing marketable intellectual property’.

Contemporary Critics

Dawkins had worked with a hand-picked group of advisers from within universities in developing his plan, but it was strongly opposed by many in the sector and within the Labor Party. Critics within the Labor Party were concerned about the reintroduction of fees. Many held to the Whitlamesque principle of free education, which they considered to be ‘a matter of high moral principle’. Unsurprisingly, students themselves were opposed to the re-introduction of fees. The arguments of student protesters—the current Treasurer Joe Hockey among them—about the injustice of fees were undermined by the fact that HECS was designed to facilitate massive expansion of educational opportunity.

35 Marginson, ‘Steering from a distance’
36 Ross Williams, ‘System Funding and Institutional Allocation’ in Croucher et. al., (eds), The Dawkins Revolution, p. 103.
38 Marginson, ‘Steering from a distance’, p. 75.
While the institutes of technology and colleges of advanced education generally welcomed the abolition of the ‘binary system’, which divided them from universities, the loudest opposition came from the oldest and most highly regarded universities. The vice chancellor of the University of Melbourne, David Pennington, emerged as the most vocal and forceful of Dawkins’ critics. One of Pennington’s principal objections related to the intention to pool research money and force universities to compete for funding. He also criticised the replacement of collegial university governance with a new administrative structure that was directly accountable to the Commonwealth government. The model for the Unified National System, according to Pennington, ‘had less the flavour of Adam Smith than that of the later economists, Karl Marx and Friedrich Engels, let alone of the political economist Vladimir Lenin’.

**The Legacy**

Nearly thirty years after the ‘Dawkins Revolution’ there remains palpable anger about the reforms within the academic community. Hannah Forsyth has coined the term ‘jeremiad literature’ for the lamentations of elderly and mostly retired male academics such as Raimond Gaita and Don Watson about the university’s decline into managerialism, the excessive monitoring of staff ‘outputs’ and the degradation of the student experience. Don Watson has expressed regret that: ‘Universities became massive revenue-chasing enterprises, academics became administrators, students became customers, managers became royalty—and management’s share of revenue multiplied and multiplied’. Notwithstanding the tendency to romanticise the ‘good old days’, clearly the Dawkins reforms have created new and unforeseen problems in higher education.

A significant aspiration, the direction of research funding towards areas of national priority, has not been achieved. The advisory body, NBEET, which replaced the Tertiary Education Commission, and was comprised of representatives from business, unions, academia and the public service, was intended to align higher education with the needs of industry. It too was ultimately seen to have failed and was abolished in 1999. Indiscriminate institutional consolidation led to mixed results: some amalgamated institutions flourished; many struggled, and though the aim was a ‘unified national system’ a more or less enduring segmentation emerged in which the older ‘Group of Eight’ (Go8) universities, advantaged by years of public funding for research, continued to command most of the research pool. Rather than unification, there has been an uneasy fait accompli in which ‘a large number of academics and a significant number of universities do not believe that a large number of other institutions are really universities, or their occupants really academics’. On the other hand, it was argued, a system of regulation oriented to the UNS precluded ‘horizontal mission variations and nuanced specialisation, including small and focused institutions of high quality’ and thus ‘reduced the potential of higher education to contribute to economic, social, cultural and intellectual needs’. In effect, few outside the Go8 could break through, but, subject to UNS regulation and denied variable mission-based educational and research profiles, the members of the Go8 also were impeded in becoming truly world class.

Dawkins’ desire to remake the higher education sector required the creation of new regulatory bureaucracies both within universities and the Commonwealth public service. The powerful new administrative class on campuses had dual purposes: it was designed to ensure compliance with the

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46 Loc.cit.
teaching and research standards set by the government, and to support the new system of allocating research money competitively according to national priorities. At the same time as academics felt the effect of shrinking research budgets and bigger classes, the size of the administrative layer grew (and continues to grow) exponentially. Administrators currently comprise approximately 56 per cent of university staff, and have added substantially to the cost of running universities.47 The senior executive, consisting of vice chancellors, deputy vice chancellors and pro vice chancellors, has been conspicuously prodigious in growth—Hannah Forsyth calls this phenomenon the ‘DVC epidemic’.48 That this new legion of executives is so highly remunerated is the cause of significant resentment among academics in non-management roles.49

In addition to the financial expense of running post-revolutionary universities, there has been a substantial, if more difficult to quantify cost in terms of academic morale. Academics resent the prioritisation by administrators of financial over pedagogical considerations, an inevitable consequence of the Dawkins reforms. They also resent the move from a collegial management style to one derived from the business world, replete with its jargon and utilitarian sensibility. The imposition of managerial prerogatives in place of collegial determination, of ‘industry’ oriented performance management and KPIs in place of a shared academic ethic, and the assertion that ‘professional management’ has distanced the state from day-to-day employment relations while state legislation profoundly influences the nature of the contest, created enormous antipathy.50

Academic morale was further diminished by the increased teaching and administrative workloads caused by the declining proportion of staff to students. In order to compensate for the diminution of public funding, universities have sought savings by employing fewer academic staff, even as they have vastly increased administrative personnel. In 1975, there was one academic to less than 12 students in Australian universities.51 At the beginning of the Dawkins revolution in 1990, the ratio was 1:13. In 2005, it was 1:21, and in 2011, 1:20.52 In parallel, universities became one of the more notable sectors in the realm of precarious employment: between 1996 and 2012, in full-time equivalent terms, there was a 36 percent growth in permanent staff; a 44 per cent increase in fixed term staff; and a 92 percent increase in casual staff.53 By 2012, the NTEU claimed that nearly 50 per cent of all teaching was done by casual staff.54 The opposing trends in academic and administrative staffing show no signs of slowing. At the Australian Catholic University, student numbers increased by 56 per cent between 2008 and 2012, yet staff numbers grew by only 24 per cent. In the same period, administrative staff increased by 67 per cent.55 David Pennington’s bemoaning of the ‘inevitable deterioration in the quality of education’ caused by much-reduced staff to student ratios is a view commonly held.56

As the post-Dawkins emphasis on economic imperatives has caused the language of productivity, efficiency and ‘fit for purpose’ training to be applied to higher education, the more traditional discourse of the universities’ commitment to civic progress, intellectual enrichment and fundamental enquiry has been subordinated. Tension remains between these competing discursive domains, a tension productive of cynicism that arguably has its effects in the public sphere. The expansion of higher education, and the creeping demand for ever higher occupational credentials, has generated large numbers of entrants with a highly instrumental approach (expecting that a degree will

47 Forsyth writes that only 46 per cent of university staff are academics, A History of the Modern Australian University p. 125.
48 Ibid., pp. 125–52.
49 The cost of executive level remuneration in New South Wales alone in 2013 was $35 million, ibid, p. 125
50 See John O’Brien, ‘Industrial Relations’, in Croucher et al., The Dawkins Reforms, pp. 210-229
54 Ibid. p. 226.
56 Penington, Making Waves, p. 265.
provide certainty in a volatile, somewhat precarious labour market) and no prior family experience of universities. While graduates have a significantly better employment record than their peers, such expectations are not always realized. At the same time, while the policy emphasis was on expanded higher education as a national good (the means to economic growth), in the education ‘market’, costs were shifted to ‘consumers’ (students) – presumed capable of making rational choices, and bearing the risk should their decisions prove ill advised. The ‘job factory’ mentality concerning universities is not conducive to appreciation of debates about the ‘true’ purpose of higher education, or to empathy when more resources are demanded for research infrastructure, or to sympathy when the credential provided fails to guarantee occupational success. Industry insiders may have legitimate concerns about the quality of some aspects of university education and research and the importance of the sector’s cultural mission. Appeals couched in such terms are easily discounted as the self-interested lamentations of rent-seekers.

FROM WORKING NATION TO WORKCHOICES
The management of unemployment is a policy domain that provides a means of exploring the disjunction between the prosperity now celebrated as a product of the courageous reform leadership of the 1980s and ‘90s and the people’s persistent sense of insecurity and unease that evidently accompanied it. Peter Saunders offers a compelling over-view of the problem57 but a focus on the policy initiatives undertaken in the period helps us to identify links between the decisions taken then, and the problems that seem so intractable now.

Unemployment was a concern in all developed countries in the last 30 years of the twentieth century, with a worsening incidence in each successive period. Deregulation and globalisation led to diversification and segmentation of the labour market, leading to structural unemployment – the skills, location and other characteristics of the unemployed making them unsuited to the jobs arising. The countries that were most successful in averting long term unemployment – Norway and the United States – followed completely disparate paths. Norway invested in active labour programs; America adopted an increasingly stringent approach to welfare benefits – desperation as an incentive to find work quickly.58 The Hawke and Keating governments managed to contain wage inflation through the Accord and adopted active industry policies, but opening the Australian market to international competition led to distinct changes in the composition of the labour force – more than 80 per cent of the additional jobs created between 1986 and 1993 were casual, with marked increases in service sector employment, and more than two thirds of them were part-time.59 Despite prosperity increasing, unemployment remained stubbornly high: at a post-war high of 11 per cent in 1983, it began to drop thereafter reaching a low of 5.7 per cent in 1989, but with another recession in 1993 it rose again to 11 per cent.

Policy leadership
The response of the Keating government, after winning 1993 election – and with a reference to combating unemployment part of its campaign – was genuine policy innovation: the introduction of the Working Nation (WN) program. This constituted an acknowledgement that despite all the efforts to increase prosperity, economic growth alone was not likely to be the solution to the problem of unemployment, especially long-term unemployment, given the emergence of a more segmented and precarious labour market. WN arose from the remarkably swift identification of a policy window by employment policy experts. Labor had not expected to win the 1993 election; after the extraordinary reform efforts of the past decade much had been completed and the next phase was relatively unplanned, allowing policy activists an opportunity to shift focus; though WN development was driven by the Department of Prime Minister and Cabinet (PM&C), relevant bureaucratic entrepreneurs in the Department of Social Services (DSS) and research academics had already

57 Saunders, Ends and Means of Welfare, pp. 87-113
identified the shortcomings of current benefit schemes and were ready with new ideas; the outcome was a fruitful instance of collaborative leadership leading to what some regarded as a world first replacement of passive income support with an active benefit programme.60

The arresting feature of this initiative was precisely this manifestation of distributed leadership. The template had been established first under Hawke,61 but the WN project was a case book instance. Paul Keating, now prime minister, was actively interested and constantly briefed on developments; there are mixed views about how engaged the Minister for Social Security, Peter Baldwin, was;62 but it is apparent that real leadership came from senior officials in Prime Minister and Cabinet (PM&C) and the policy ideas from a mix of bureaucratic entrepreneurs (from the Social Policy Division of PM&C and the Department of Social Services [DSS]) and academic consultants.63 It was a demonstration of what A.F. Davies had earlier remarked as a characteristic of Australia’s post war bureaucracy: a high level of bureaucratic innovation; and a pattern of resort to bureaucratic initiative when parties are deadlocked or have run out of ideas.64

The Plan

The WN programme was a mix of targeted social security benefits, now dependent on accepting offers (of jobs or training placement); training initiatives (and training wages); case management; direct job creation and the conditional offer of a job (the Job Compact) for the long term unemployed (LTU). In the past passive benefits (such as income support triggered by defined circumstances) had generated poverty traps and detachment from the labour market: WN would instead demand active engagement with the labour market. Access to employment or training or both would depend upon assessment by, and negotiation with, case managers. Case managers might be from either the public or the private sectors: the intention was to harness the welfare and for-profit sectors, restructuring the government service to create a competitive market servicing the LTU.65 The transition from a system of passive benefits to active intervention, the reliance on a service market and the obligation on recipients to participate and to accept direction were integral to the scheme.

Implementation and the critical response

The WN programme operated for only a short time: tighter fiscal policies in 1995-6 aimed at deficit reduction led to a diminution in expenditure on WN. Then its labour market programmes were terminated in 1996 by the incoming Liberal-National Party (LNP) Coalition Government. Some have argued (as did the Coalition) that WN was expensive, overly ambitious and failed to meet placement targets 66, but another detailed assessment demonstrated that it had some effect on lowering unemployment, especially LTU for men, and concluded that it was a valuable social and economic experiment, terminated prematurely.67 Meredith Edwards could later demonstrate that some of the WN elements had a longer term effect on later policy, and thus remained relevant.68 We accept this

64 See James Walter, ‘Bureaucracy and Democracy in the American Century: A.F. Davies on Administration and the “Knowledgeable Society”’, Australian Journal of Public Administration, 58(1), p. 28
67 Junankar and Kapuscinski, ‘Was Working Nation Working?’
argument, but with the proviso that there were also unintended consequences, which help to explain some of the difficulties we face now.

The Coalition government accepted the need to address the problem of LTU: while it considerably reduced expenditure on labour market programmes, it reinforced the theme of mutual obligation by introducing its own Work for the Dole scheme, and would go on significantly to expand competition and the utilization of case management in employment services. In 1997 it called for tenders to provide designated employment services and announced the abolition of the Commonwealth Employment Service with the introduction of a new competitive market for employment services, the Job Network (JN). For the LTU, the focus now was on brokered employment placement rather than training or job assistance. The Coalition programme thenceforth would have three planks: the Job Network (JN), an emphasis on mutual obligation activities, and a safety net Community Support Program providing intensive assistance (IA) for those unlikely to benefit from mainstream services. While, in comparison with WN, costs savings were achieved, there were ongoing questions about the cost effectiveness of these programmes. Nonetheless, the WN idea that welfare to work could be managed by private agencies was core to the Howard government approach, though now it was more assertively pursued: by 2003 every agency in the JN system was a non-government entity. In parallel, the Coalition devoted most of its attention to the deregulation of the labour market, and an assault on trade union power, arguing that overturning industrial relations orthodoxy and the workplace status quo would generate more employment opportunities. In assessing the continuity between Labor and Coalition policies, it has been persuasively argued that Australia’s approach to the public management of employment services earned it an international reputation as a bold reformer, indeed, a world leader in the application of new public management to employment assistance.

For our purposes, there are four themes to be drawn from policies intended to address unemployment during the reform era, almost all of which might be deemed unintended consequences: the effect of labour market change on the general populace; the effect of the new regime on welfare beneficiaries; the impact of a competitive market in employment services in mediating the relations between citizen and state; and the consequent generation of cynicism and distrust in the political process that is perhaps one strand in what Peter Saunders described as the paradox of affluence: ‘unprecedented prosperity … accompanied by rising economic insecurity, social alienation and growing unease’.

While the first theme, labour market change, mentioned only briefly above, encompasses employment patterns at large rather than just unemployment, it establishes a background we should not ignore. In the context of deregulation and international competition, employers were no longer willing to maintain large permanent workforces; casualisation, outsourcing and the emergence of labour hire companies were the result. The most significant change was the increasing participation of women in the workforce: from 25 per cent of the total workforce in 1960 to nearly 44 percent in 2000. Casualisation and the increase of part-time work prompted more women to take paid employment, often because families needed two incomes to cope. Women occupied many of the service sector jobs created in the period. Female employment increased more than that of males in most years after the 1960s. The dual income family was common. The practice of outsourcing and contracting introduced even middle class, white collar employees to the reality of precarious employment. Australia made impressive productivity gains in the 1990s, but rewards were skewed: between 1982 and 1994, the top 10 per cent of income earners gained $100 dollars a week, the bottom 10 per cent gained $11, but the

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69 Dockery and Webster, ‘Long Term Unemployment and Work Deprived Individuals’, pp. 6-9
73 Saunders, Ends and Means of Welfare, p. 3.
80 per cent between – those surveyed by Pusey (see above) – suffered an actual decline. Inequalities increased still further in the remaining years of the century.  

Second, the effect of the new regime on welfare beneficiaries can be summarised as a particular case of what Joseph Hacker has called ‘the great risk shift’. It was once accepted that risk was inherent in capitalist economies: every venture carried the risk of failure; cycles of economic and technological change would generate ‘creative destruction’; in consequence employees disadvantaged in such transitions could not be held personally responsible and deserved protection – which was a national rather than a purely personal obligation. Over recent decades, however, risk has incrementally been shifted from the collective (and from government) to families and individuals. In the case of unemployment, the new emphasis on personal responsibility and mutual obligation, introduced by Labor’s WN but elevated further in the operation of the Coalition’s JN, signified just such a risk shift. Now unemployed people were designated a ‘risky’ population, that must be obliged to re-engage and address the ‘deficits’ that made them unemployable.

With case management, responsibility was devolved from the state to the case manager and his or her ‘client’. The individualised approach removed beneficiaries from the social and economic context of structural unemployment. Screening and assessment designed to identify appropriate levels of support arguably constructed individuals as lacking in some capacity, which in turn was ‘identified as the barrier to their employment and active citizenship’. While encouraged to self-identify and told to be active as a ‘job seeker’, the exercise of initiative was limited. Remediation was steered by case managers; compliance requirements reduced job seeker discretion; job offers and training were determined by agency efforts to meet pre-set targets, demand for generalised attributes, what was available and employer resistance rather than by individual need. The job seeker designation conferred a paradoxical identity, as an active agent but one whose mutual/contractual obligations were very much subject to the direction of others.

Third, this novel mix of authoritarianism and advanced liberalism produced a system of baffling complexity. The competitive market in service provision attenuated the capacity to aggregate knowledge and experience that state agencies such as the CES had formerly developed. Knowledge transfer was limited. It was found that ‘networking across organisations is minimal and agencies are deeply suspicious of one another’s motives’. Service providers paid by results were under pressure to prioritise those unemployed people most likely to obtain jobs at least cost. A third attempt to restructure employment services (in 2009, by the Rudd Labor government) was predicated on the evidence that JN was ultimately fragmented, complex, decreasingly flexible and overly punitive. Yet, despite this context, it was assumed that claimants, properly informed by their case managers, would act like rational actors in a market, able to respond in rational and predictable ways to new incentives. In fact, it was clear that rules and sanctions were not sufficiently understood by claimants to facilitate informed choice. Staff in DSS had early concluded that the system was too complex to administer.

The intention had been that cumbersome bureaucratic leviathans would be swept aside in favour of smaller, more diversified and entrepreneurial organisations, where service provision would be co-

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78 McDonald et al., ‘Risk Technology in Australia’, p. 503, p. 517.
79 McDonald et al., ‘Risk Technology in Australia’, pp. 520-521
80 Considine, ‘Markets, Networks and the New Welfare State’, p. 201
82 Finn, ‘Job Guarantees for the Unemployed’, pp. 64-65.
ordinated by case managers, and ‘clients’, given the information they needed, would be free to choose. Arguably, the outcome was a new form of dependent identity – the job seeker – and a complex mediation of the relations between citizen and state by competing market actors.

Fourth, it seems reasonable to conclude that, notwithstanding the commitment of policy makers genuinely to address the problem of unemployment, the disparity between their manifest intentions and the experience of those subject to the system that developed was such as to generate cynicism and distrust in relation to political institutions. It was, of course, only one factor, but one that might well have been amplified by changes in the labour market more broadly. It is, in any case, evident that not only the unemployed, but also the squeezed middle class, have cause to be sceptical about the reforms so celebrated by champions of the reform era.

DISCUSSION
The two cases we discuss in this paper were cases of effective policy making: they were innovative, responded to manifest problems, drew intelligently on expert analysis and for the most part met their stated objectives. They gained international recognition as exemplars of bold reform. Each provides an instance of a signature leadership mode: in the case of the UNS, it was strong leadership by a determined policy activist, able to read the politics, which had enduring impact; in the case of WN and what followed, in contrast, it was collaborative leadership orchestrated by bureaucratic entrepreneurs. Each, then, is an illuminating case study of successful policy determination.

And yet each was part of a broader reform process: they provoked disquiet not only among those directly affected, but also fed into a more general pattern of cynicism and distrust both at the time and since. We have canvassed the reasons for this above, but it is important that the reaction not be discounted simply as the expected response from vested interests and specific stakeholders. In both cases, governments relied on market solutions to transcend economic constraints on the public sector while meeting what were perceived to be public expectations. Yet the catalysts were either determined policy activists (such as John Dawkins), or committed and entrepreneurial experts (as in the case of labour services) – it was a form of ‘knowledge politics’ with which relevant communities had little contact. And in each case, while the headline objective was the national good (the promotion of economic growth), in the interests of enhancing options and promoting individual choice (for job seekers and students), there was an incremental shifting of risk from government and its agencies to individuals and their families. Governments consistently represented this as a consequence of acknowledging where the true locus of responsibility should lie. It was, however, all too often experienced as an imposition to which there could be no direct response: the relationship between citizen and state now involved direct costs (about which there could be little choice), and was mediated by market agencies. As we have seen, when asked (by Pusey and Saunders for example, see above), ‘the punters’ did not believe that the market would produce a just community and felt the things that had been sacrificed in the drive to maximise economic outcomes were more highly valued at the level of society than the resulting increase in economic prosperity. Even with relative prosperity, most remained acutely aware of the increasing inequity in the allocation of wealth, and the precariousness of employment: they needed no reminder of ‘the end of certainty’ or that they had entered the ‘risk society’.

One way of understanding the divide of policy elites (e.g., the neo-liberal reformers) and the organic intellectuals who are their champions (e.g., Kelly and Megalogenis) from the community is that the former think within the terms of a policy regime, the latter in terms of lived experience. It is helpful to remember Stephen Skowronek’s distinction between historical time (a linear sequence) and political time (the regime cycle).83 What characterises political time is recurrence: policy regimes can be seen as circular. A large scale problem emerges (such as the collapse of the Keynesian consensus in the 1970s and ‘80s); a set of taken-for-granted ideas is thrown into question and leaders scramble

for new solutions (in which the ideas of critics and cutting edge ‘knowledge workers’ are crucial). An alternative is hammered out and over time a new political ‘settlement’ is arrived at (the process, in its last iteration, so well described by Kelly and Megalogenis). This is consolidated and becomes the consensus framework for political reasoning and political action until the energy of the regime is exhausted or its inherent flaws themselves generate an unlooked for reversal and throw all the ‘certainties’ of the day into question—and so the consensus collapses and the cycle starts again.\textsuperscript{84}

It is not that the policies we have discussed were misconceived. Developed to address specific problems, framed within a mindset that was innovative and attuned to their context, periodically adjusted to meet new needs, they nonetheless generated unintended consequences – and were diminished by an inability to escape the mindset in which they had their origins as ‘political time’ revolved. The response to date is indicative: people are urged to accept ‘more of the same’, leading to deadlock: the difficulties of higher education, we are told, are to be solved by even more deregulation, provoking a backlash with threatens to stall any reform at all; the problem of employment devolved to a preoccupation with workplace deregulation so unpopular that (via its WorkChoices proposals) it ensured the defeat of the Howard Coalition government and now endangers Tony Abbott.

It is a striking manifestation of our blindness to recurrence that we fail to notice that at the high point of regime consolidation a sort of hubris frequently emerges. It is the conviction among policy insiders and the organic intellectuals of a regime that they, at last, have found the ultimate solution, that unlike every preceding generation (which is thus treated with condescension) they know the future and how it is to be managed: when the cycle is exhausted its advocates can only celebrate the past.

What is curious now is that we seem to have a reached a point of transition where the unintended consequences of the neo-liberal project and the inherent flaws of policies such as those we have examined are evident, but we cannot move on. The Global Financial Crisis of 2007-2009, from which we have still to recover, might have been thought to signal the end-game for the neo-liberal project. But despite all the indicators of regime exhaustion that seemed evident, both at the global level, and in the outcomes of particular domestic policies, such as those we have discussed, the neo-liberal mindset seems more resilient than ever. John Quiggin memorably captured our historical moment in his analysis of ‘zombie economics’ – ideas that have died but that won’t lie down.\textsuperscript{85} There have been half hearted political attempts to formulate alternatives (in Australia, Kevin Rudd’s ill-fated attempt to revive the discourse of social democracy ‘to save capitalism from itself’\textsuperscript{86}) and vigorous advocacy of other options by certain economists (such as Quiggin, Paul Krugman, Joseph Stiglitz, Amartya Sen and others), yet nothing seems to gain traction. We might note that (to stick with the Australian instance) it took roughly 15 years to effect a transition from the regime collapse of the Great Depression to the Keynesian consensus of the long post-war boom, and eight years between its exhaustion in the mid 1970s to the ‘heroic’ neo-liberal market reforms commenced in 1983. So maybe there is a way to go before someone pushes the ‘reset’ button.

In the meantime, we are left with the ruminations of the organic intellectuals of the old regime, whose attempt to refashion political memory in favour of the intentions of their favoured political elites (as against popular experience) and advocacy of the continuation of unfinished reform (most particularly, the final deregulation of the labour market), is set against their despair about ‘the system’ and the mediocrity of current leaders.\textsuperscript{87} What they fail to acknowledge is twofold: the grand decisions once made cannot be made again – the cupboard is bare; and the public faith that has been lost in the course of the neo-liberal project (for reasons canvassed above) cannot be regained – the electorate is more impatient and volatile than ever.\textsuperscript{88} Which leaves political leaders in the most precarious of

\textsuperscript{84} See James Walter, What were they thinking? The politics of ideas in Australia, UNSW Press, Sydney, 2010, pp. 340-344.
\textsuperscript{85} John Quiggin, Zombie Economics, Princeton University Press, Princeton, 20
\textsuperscript{86} See Walter, What were they thinking? chapter 1.
\textsuperscript{87} Kelly, Triumph and Demise, chapter 33 is a perfect case in point.
\textsuperscript{88} Cf, Rachel Nolan, ‘Labor’s love lost’, The Monthly, 109, March 2015, pp. 26-31
positions: torn between advocating more of the same (more austerity to combat ‘economic crisis’), while attempting to mollify the middle-voting public (seemingly reneging on the reform agenda).

It is a dilemma conducive to serial misjudgements and to wildly contradictory positioning; witness the current Australian L-NP Coalition attempting (and failing) this stretch:

- austerity budgeting and increased defence spending;
- greater surveillance of personal data and extreme freedom of speech;
- trade liberalisation and agriculture-led regional development;
- privileging of financial services and diversifying the economy;
- supporting families and deregulating the labour market;
- starting an infrastructure boom and reducing public debt;
- stimulating economic growth and reducing the deficit.\(^{89}\)

What is evident in such disjunctions is the desperate attempt to flag continuing commitment to the neo-liberal project, while at the same time trying to address the unease it has generated, now over some three decades. Leaders who stumble at this hurdle are derided as ‘pygmies’. Innately conflicted, they are given no credence by the commentators who praised their predecessors; nor is it recognised that, whatever their failings (and prime minister Tony Abbott has many, as one of the present authors has also observed\(^{90}\)) their impossible predicament has been generated by the very policy cycle now so nostalgically celebrated.

\(^{89}\) Tom Bentley, writing in *The Guardian*, quoted in ’Labor’s love lost’, p. 28.